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Form 10-Q

SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 TO 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the 9 months ended
March 31, 1992

Commission File No.
33-255516-NY

TREATS INTERNATIONAL ENTERPRISES, INC.
(formerly S.L. Resources, Inc.)

State of jurisdiction:
DELAWARE

I.R.S. Employer No.:
13-3495199

Address of Principal Executive Officers:
418 Preston Street
Ottawa, Ontario
Canada
K1S 4N2

Telephone No.: (613)563-4073

Former Name and Address:

S.L. RESOURCES INC.
450 7th Avenue
New York, New York
10001

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Former Fiscal Year: September 30 (Changed to June 30 by filling S-18, filed in March 1992)

Registrant has filed all reports under Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and has been subject to such filing requirements for the past 90 days:

YES

BEST COPY
AVAILABLE

TREATS INTERNATIONAL ENTERPRISES, INC.
(formerly S.L. RESOURCES, INC.)

FORM 10-Q

NINE MONTHS ENDED MARCH 31, 1992

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TREATS INTERNATIONAL ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31 1992 (Unaudited)	June 30 1991 (Audited)
ASSETS		
Current assets		
Accounts receivable	$325,070	$315,857
Prepaid expenses	$92,502	$65,088
Current portion of Notes receivable	$155,000	$75,000
Short term investments	$21,561	-------
Total current assets	$594,133	$455,945
Stores held for resale	$306,793	$26,425
Notes receivables	$318,509	$363,094
Property and Equipment	$198,988	$167,722
Franchise rights	$12,366,309	$12,789,759
Deferred charges	$154,520	-------
	$14,139,252	$13,802,945
LIABILITIES & SHAREHOLDERS EQUITY		
Current liabilities		
Bank Indebtedness	$61,183	$513,334
Accounts payables and accrued liabilities	$2,292,844	$2,376,261
Provision for closure of corporate stores	$224,211	$817,000
Current portion of long term debt	$250,000	$450,000
Total Current liabilities	$2,828,237	$4,156,595
LEASE SECURITY DEPOSITS	$204,897	$184,978
ADVERTISING COMMITMENTS	$276,127	$343,289
TERM DEBT (Note 3a)	$2,692,813	$1,892,500
DEFERRED INCOME	$300,572	-------
SUBORDINATED DEBENTURE (Non-interest bearing, Note 3b)	$4,701,011	$6,576,895
	$8,175,420	$8,997,662
NON CONTROLLING INTEREST (Note 4)	$232,001	$2,209,501
SHAREHOLDERS EQUITY		
Share capital (Note 5)	$7,978,686	$2,997,255
Foreign exchange adjustment	$9,798	$22,164
Deficit	($5,084,890)	($4,660,232)
Total shareholders equity	$2,903,594	($1,640,813)
	$14,139,252	$13,802,945

TREATS INTERNATIONAL ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF REVENUE,EXPENSES AND DEFICIT
(UNAUDITED)

	For the fiscal quarter ended		For the three fiscal quarters ended	
	March 31 1992	March 31 1991	March 31 1992	March 31 1991
REVENUE				
Royalties	$462,104	$410,314	$1,396,053	$1,390,445
Franchising	$175,250	$48,750	$417,564	$431,250
Other	$453,712	$623,159	$1,552,857	$2,039,694
Total revenue	$1,091,066	$1,090,223	$3,364,474	$3,861,389
COST & EXPENSES				
Regional Operations	$89,620	$127,787	$242,574	$300,420
Franchising	$62,662	$110,204	$198,906	$207,769
Head office & Admin.	$366,719	$551,670	$1,082,254	$1,368,576
Corporate store	$263,407	$511,749	$1,027,811	$1,518,224
Total Cost & Expenses	$773,408	$1,309,330	$2,551,725	$3,474,989
EARNINGS BEFORE INTEREST,DEPRECIATION AMORTIZATION AND LOSS ON CORP.STORE	$317,658	($219,107)	$812,749	$386,400
Interest on Long term debt	$241,439	$338,287	$813,957	$807,481
Depreciation and Amortization	$141,150	$144,198	$423,450	$424,593
Loss on sale of Corp. Store	-------	($19,098)	-------	($3,273)
	$382,589	$501,583	$1,237,407	$1,235,347
NET LOSS	($64,931)	($720,690)	($424,658)	($848,947)
Deficit Begining of period	($5,019,959)	($128,257)	($4,660,232)	-------
Deficit End of period of period	($5,084,890)	($848,947)	($5,084,890)	($848,947)
(Loss) per Share	-------	($0.02)	($0.01)	($0.02)
Average number of shares	37,500,000	37,500,000	37,500,000	37,500,000

NOTE: The (Loss) per share is base on the number of shares as adjusted for the reverse acquisition.

TREATS INTERNATIONAL ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(UNAUDITED)

	For the fiscal quarter ended		For the three fiscal quarters ended	
	March 31 1992	March 31 1991	March 31 1992	March 31 1991
Operating activities				
Net Loss	($64,931)	($720,690)	($424,638)	($848,907)
Items not affecting cash				
Depreciation	$20,250	$18,250	$60,750	$54,750
Amortization	$120,900	$125,948	$362,700	$369,843
Interest expense - added to Debenture	$170,734	-------	$535,149	-------
	$246,953	($576,492)	$593,941	($424,314)
Changes in non - cash working capital items	($308,579)	($398,882)	($1,226,150)	($489)
	($61,626)	($975,374)	($632,209)	($424,803)
Financing activities				
Equity issued related to Treats Inc	-------	-------	-------	$2,997,255
Long term debt RBCC/Std.Chartered	-------	($157,590)	$330,554	$7,427,150
Repayment of debt (Oakwest)	-------	-------	-------	($2,840,672)
Minority Interest / Special shares	$1	-------	$1	-------
Equity issued related to restructuring (Note 5h)	$5,009,746	-------	$5,009,746	-------
Tri-Capital Loan	$250,060	-------	$250,060	-------
Lease security deposit	$3,336	$4,859	$19,919	$171,211
Advertising Liabilities	($35,497)	-------	($67,161)	$300,000
Other long term debt	$350,000	-------	$350,000	-------
	$5,577,646	($152,641)	$5,893,119	$8,054,952
Investing activities				
Acquisition - Treats Inc.	-------	-------	-------	($7,773,059)
Purchase of US area rights	-------	-------	-------	($816,494)
Org.cost incured / Acquire Subsid.	($144,870)	-------	($202,150)	($1,936,637)
Issue of Notes Receivable	($347,303)	$42,610	($97,824)	($62,688)
Purchase of Properties and equipment	-------	($42,140)	-------	($97,911)
Reduction of Subordinate debenture	($2,451,284)	-------	($2,451,284)	-------
Coversion of minority interest	($2,057,501)	-------	($2,057,501)	$2,289,001
	($5,000,958)	$470	($4,808,759)	($8,397,788)
Increase (Decrease) in Cash	$515,062	($1,127,545)	$452,151	($767,639)
Cash - Beginning of period	($576,245)	$359,906	($513,334)	$0
Cash - End of period	($61,183)	($767,639)	($61,183)	($767,639)

TREATS INTERNATIONAL ENTERPRISES, INC.
Formerly S.L. Resources, Inc. & Triadon Capital Corporation
Notes to the Consolidated Financial Statements
March 31, 1992
(Unaudited)

BASIS OF UNAUDITED INTERIM FINANCIAL STATEMENT PRESENTATION

(1) UNAUDITED INTERIM STATEMENTS

The consolidated financial statements as of March 31, 1992 and 1991 and for the nine months ended March 31, 1992 and 1991 are unaudited; however, in the opinion of management all adjustments (consisting solely of normal recurring adjustments) necessary to a fair presentation of the financial statements for these interim periods have been made. The results of the interim periods are not necessarily indicative of the results to be obtained for a full fiscal year.

Treats International Enterprises, Inc. (the Company) was originally organized as S.L. Resources, Inc. (SLR) under the laws of the State of Delaware on October 28, 1988 and had adopted a fiscal year end of September 30. Prior to January 31, 1992, SLR had not commenced operations and was considered a development stage company. On January 31, 1992, SLR acquired all of the outstanding shares of Triadon Capital Corporation in exchange for 30,000,000 common shares, representing 80% of the issued share capital. SLR then changed its name to Treats International Enterprises, Inc. and adopted the year end of June 30.

This acquisition has been accounted for as a reverse acquisition using the purchase method of accounting. The financial statements prior to January 31, 1992 are those of Triadon Capital Corporation, (TCC), the acquiror and the continuing company.

(2) CONTINUATION OF BUSINESS

While the consolidated financial statements have been prepared on the basis of accounting principals applicable to a going concern, several conditions cast substantial doubt upon the validity of this assumption.

The company incurred a net loss of $424,658 for the nine months ended March 31, 1992. The capital deficiency which existed prior to the reverse acquisition has been rectified, and working capital has been improved by $1.0 Million leaving a deficit working capital of approximately $2.2 Million. The continuation of the Company is dependent upon obtaining sufficient additional cash investment and the achievement of sustained profitable operations.

2 continued

On March 24, 1992, the company filed a prospectus with the SEC related to 7,000,000 Class A and 7,000,000 Class B common share purchase warrants that, if exercised, will result in the issue of 14,000,000 common shares for cash consideration of U.S. $1,470,000.

Because the exercise of these warrants remains dependent upon future events and circumstances, there can be no assurance that the Company will obtain sufficient additional cash equity, attain sustained profitability and be able to maintain the covenants in its current loan agreement. If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported net loss and the balance sheet classification used.

(3) LONG TERM DEBT

		March 31 1992	Audited June 30 1991
Standard Chartered Bank of Canada - Demand Loan	(Note 3(a)	2,342,500	2,342,500
Promisory Note 15% - TriCapital		250,060	---
Other - Long Term Debt		350,313	---
		2,942,813	2,342,500
Less Current Portion		(250,000)	(450,000)
		2,692,813	1,892,500

Note 3(a) - The demand loan is due and payable January 1, 1993 with interest payable monthly at prime plus 2.5%.

Installment payments are due:	
July 1, 1992	$100,000
Aug. 1, 1992	25,000
Sept.1, 1992	25,000
Oct. 1, 1992	50,000
Nov. 1, 1992	25,000
Dec. 1, 1992	25,000

The bank has indicated its intention to reschedule payment of the balance due on January 31, 1993 over a mutually agreeable term not exceeding three years.

3 continued

Subordinate debenture due Dec. 31, 1996 and is non-interest bearing, secured by a floating charge on the Assets of the Company (Note 3(b)		6,576,895
Amended Subordinate Debenture	4,701,011	
	4,701,011	6,576,895

Note 3(b) - The capitalization of interest and other fees on Jan. 31, 1992 increased the subordinated debenture to $7,201,011 of which $2,500,000 has been converted to common shares. The balance of $4,701,011 is due December 31, 1996 and is non-interest bearing unless the debenture is in default. Interest would then be payable monthly at an annual rate of between 4.5% and 9%, depending on operating results, until June, 1992 and at 10% thereafter. Principal repayment is required in increasing annual installments with additional payments required in the amount of 25% of operating cash flow and 30% of the proceeds of any treasury issue of common shares. The holder of the subordinated debenture also received 4,500,000 Special TCC shares carrying a fixed cumulative dividend as described in Note 4(c).

(4) MINORITY INTEREST

		March 31 1992	June 30 1991
Convertible Preferred Shares of a TCC subsidiary -	Note (A)	---	2,057,501
Treats Inc. U.S.A. Preferred -	Note (B)	232,000	232,000
Special shares of a Subsidiary issued 4,500,000 Shs.	Note (C)	1	---
		$ 232,001	$2,289,501

(A) These shares represent TCC subsidiary's convertible preferred shares which were not acquired by Triadon Capital Corporation on July 9, 1990 and which were converted to TCC shares as part of the January 1992 reorganization, and subsequently exchanged for shares of Treats International Enterprises, Inc. (formerly S.L. Resources, Inc).

4 continued

(B) These shares are preferred shares issued by Triadon's U.S. subsidiary during the year ended June 30 1991 in connection with the acquisition of the U.S. franchise rights. The minority interest is convertible into 5% of the common shares of the U.S. subsidiary on a fully diluted basis. The Company may redeem the preferred shares for $250,000 any time after November 2, 1992.

(C) 4,500,000 Special Triadon Capital Corporation (TCC) shares, non-voting, retractable, with a yearly cumulative dividend in aggregate of $300,000 payable January 31 each year, with unpaid dividends increasing by a compound annual rate of 30% until paid. These shares are convertible into shares of Treats International Enterprises, Inc. (formerly SL Resources, Inc.) if the dividend and accrued interest are not paid in full by January 31, 1997, and may also be converted into shares or debt of Treats International Enterprises, Inc. (SLR) or TCC if the Company is in default under the amended terms of the subordinated debenture referred to in Note 3.

(5) SHARE CAPITAL

(A) In July, 1989, the Company completed the sale of 7,000,000 Units provided for in its public offering, for gross proceeds of $630,000 US and a net, after deduction of expenses, of $527,839 US. The Company reserved 14,000,000 shares of common stock, $.001 par value, for conversion of the Class A and Class B redeemable common stock purchase warrants. On February 7, 1991, the Company declared a one for fifty reverse split of its common stock and warrants. In September, 1991, the Company rescinded this reverse split retroactively. These statements do not reflect these decisions, as they cancel out each other.

(B) Each Unit consists of one common share (par value $.001), and one Class A and one Class B redeemable common stock purchase warrant. Each redeemable Class A Warrant entitles the holder to purchase one share of common stock at $.09 US per share. Each redeemable Class B Warrant entitles the holder to purchase one share of common stock at $.12 US per share. On February 7, 1991, the Company and the Underwriter agreed to separate the common stock purchase warrants from the Units to allow them to be exercised. The Company reserves the right, in its sole discretion, to reduce the exercise prices of the warrants and to extend the exercise period. These warrants may be exercised at any time from the effective date of the prospectus until June 4, 1992, unless called prior.

5 continued

(C) The redeemable Class A and Class B common stock purchase warrants are callable by the Company any time prior to their conversion, with a notice of call in writing to the warrantholders of record, giving a 30 day notice of such call. The call price of the Warrants is to be $.0001 per Warrant. Any Warrant, so called, and not either converted, or tendered back to the Company by the end of the date specified in the notice of call, shall expire on the books of the Company and cannot be exercised.

(D) Provision is made in the Warrants for adjustment of the price and number of shares of Common Stock available for purchase in order to protect the holders thereof against dilution in the event of stock dividend, stock split, reclassification, reorganization, consolidation or merger. Holders of the Warrants, as such, will not have voting, dividend or other rights of stockholders of the Company unless and until their Warrants have been duly exercised and received by the Company's Warrant Agent, and then, only as holders of the obtained Common Stock.

(E) In connection with the initial public offering, the Company has reserved 700,000 Unit Options for sale to the Underwriter for a total price of $700. These Units are identical with those sold to the public, except that the offering price is $.108 US. The Company has reserved 2,100,000 shares of its common stock $.001 par value for exercise of the Units and conversion of the Class A and Class B redeemable common stock purchase warrants.

(F) In connection with the January 31, 1992 TCC reverse acquisiton of Treats International Enterprises, Inc. (formerly SL Resources, Inc), the Company has reserved 3,640,410 shares for sale to TriCapital Management Limited for the following consideration:

	No of Shares	Consideration
Shares issued for nominal consideration April 17/92	765,306	$ 1
Share purchase Warrants @ U.S. $.105 - 3 Years	1,360,104	$ 142,810
Share purchase Warrants @ U.S. $.15	1,000,000	$ 150,000
Share options @ U.S. $.0667	375,000	$ 25,013
$.105	140,000	14,700
	3,640,410	

5 continued

(G) SHARE CAPITAL

	Post Acquisition Mar.31/92	TCC the Continuing Co. Note (H) (I)	Audited June 30/91
Class A participating shares: Unlimited number authorized 7,200,000 shares issued and outstanding	---		1
Class B common shares: Unlimited number authorized 6,450,000 shares issued and outstanding	---		1,997,254
Redeemable, convertible preferred shares: Unlimited number authorized 1,000,000 shares issued and outstanding	---		1,000,000
Debt conversion to common share equity (Note 3)	---	2,500,000	
Non-Controling Interest converted to common share equity (Note 4)	---	2,057,501	
P.Gibson	---	19,000	
SLR Shares,Paid in Capital and Deficit	---	591,037	
Share Issued Costs	---	(186,107)	
Common Stock: 100,000,000 shrs authorized 37,500,000 issued and outstanding	7,978,686	---	---
	$7,978,686	$4,981,431	$ 2,997,255

(H) During the period ended March 31, 1992, Triadon Capital Corporation's share capital increased under a restructuring of the company's debt position as discussed in Note 3 and 4.

5 continued

(I) On January 31, 1992, Triadon's (TCC) shareholders exchanged all their shares, representing 100% of the outstanding shares of the Company, for 30,000,000 shares,which is 80% of the outstanding shares of Treats International Enterprises, Inc. (formerly S.L. Resources, Inc) .Under the provisions of the acquisition agreement, providing the company (SLR) receives a minimum of $1,000,000 in new financing by December 31, 1992, a number of shares will be issued or returned over the next three years should the Company exceed or fail to meet certain earnings targets, respectively. After giving effect to the exercise of the warrants as described in Note 2, the provisions of the acquisition agreements over the three year period ending June 30, 1995 will result in the former TCC shareholders controlling a maximum of 74% and a minimum of 40% of the outstanding common shares of Treats International Enterprises, Inc.

(6) CONTINGENT LIABILITIES

The Company and its subsidiaries are defending civil litigation as indicated below.

Chocolate Gourmet Treats Limited is named in an action by a landlord claiming $200,000 for breach of a lease agreement. Management believes the Company has good defenses against this action. No provision has been recorded in respect of this action.

The Company is also defending several other actions arising in the normal course of business, the outcome of which cannot be determined at this time and for which no provision has been recorded.

The company has entered into certain agreements with creditors to reduce the outstanding accounts payable and to pay the agreed upon balance over a period of time, usually not on excess of 12 months. The renegotiated amount is reflected in accounts payable. As at this date, the company is fulfilling all terms of the agreements. In the event the company is not able to meet the terms of the agreement in the future, the creditors will have the ability to claim the full amount originally owed.

Any settlement in regard of the above actions in excess of amounts provided will be accounted for as a period adjustment.

TREATS INTERNATIONAL ENTERPRISES, INC.
(FORMERLY S. L. RESOURCES, INC.)
10-Q ITEM 2
MANAGEMENT DISCUSSION
AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the quarter ended March 31, 1992 the Company has made great strides in its plan to reorganize it fiscal affairs and position itself for emergence in the United States market.

On January 31, 1992 a reverse acquisition was completed with S.L. Resources Inc., a Delaware company. This was the first step of the plan to restructure the debt of the Company. At the same time, our major subordinate debt holder converted 35% of their debt to equity and agreed to a non-interest bearing instrument for the balance of their outstanding debenture.

This transaction along with the balance of the restructuring is fully disclosed in the notes to the consolidated balance sheet of the Company.

System wide sales for the chain for the three quarters ending March 31, 1992 were $21,400,000 compared to $21,700,000 for the same period last year.

Area Development Franchises were sold for Central Florida and the Chicago areas. This brings the total number of stores committed to open in the United States to 103.

Total revenues for the third quarter were $1,091,066 compared to $1,090,223 for the same period last year. Revenue from royalties were up $43,790, representing a 10.5% increase, while revenue from franchising was up $126,500 (259.5%) compared to last year for the same quarter.

The growth in royalties and franchising revenue for the quarter was offset by a decline in other revenue of $169,447 or 27.2%. This was primarily the result of the Company's effort to dispose of Corporate store operations and to concentrate on franchising opportunities throughout North America. This, coupled with the fact that a nonrecurring payment by one of the Company's major suppliers to enter the United States market was made in the 1990-1991 fiscal year.

The operational revenues from royalties and franchising remained consistent with the last year at $1,391,000 and $417,600 respectively. In total, revenues declined $497,000 due to the closure and refranchising of corporated owned or managed stores. Combined with a non-recurring supplier credit which was included in the previous year's revenue.

Administrative costs and expenses have declined by $184,000 or 33.4% in the third quarter versus the same period last year. This is a direct result of management's mandate to centralize administration and streamline operations.

Corporate store expenses have been reduced $249,000 or 48.6% by reducing the number stores owned and managed by the Company. In addition, franchising and regional overheads declined by $102,000 or 41.5% which resulted from the reduction of the number of regional offices maintained by the Company.

Losses for the quarter were reduced to $64,931 from $720,700 for the same quarter last year. The nine month loss was $424,700 compared to $849,000 for the same nine month period of last year. As a result of the debt restructuring on January 31st, 1992, the average monthly interest cost of approximately $100,000 has been reduced to under $30,000 per month. The third quarter loss adjusted for pro forma interest savings would have produced a profit of approximately $145,000 in the third quarter.

The Company generated $247,000 in cashflow from operations during the quarter and $655,000 in cash from the restructuring and the reverse acquisition with S. L. Resources Inc. to finance working capital and pay down its operating facility with the bank.

The Working capital deficit has been reduced by $1,446,500 in the nine months ended March 28, 1992, however it currently remains in a negative position.

The Company has filed a prospectus with the U.S. Securities Exchange Commission ("SEC") on March 24, 1992 relating to 7,000,000 Class 'A' warrants and 7,000,000 Class 'B' warrants that, if exercised, will result in the issue of 14,000,000 common shares for cash consideration of (US) $1,470,000.

TREATS INTERNATIONAL ENTERPRISES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
THE STATEMENT OF INCOME

MARCH 31, 1992

PART II	OTHER INFORMATION
Item 1	Legal Proceedings - See notes to Financial Statements
Item 2	Changes in Securities - None
Item 3	Defaults Upon Senior Securities - None
Item 4	Submission of Matters to a Vote of Securities Holders - None
Item 5	Other Information - None
Item 6	Exhibits and Reports on Form 8-K - None

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results of operation for the period ended March 31, 1992.

The result of operation for the period ended March 31, 1992 are not necessarily indicative of the results of the entire year.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TREATS INTERNATIONAL ENTERPRISES INC.
(formerly S.L. RESOURCES INC.)

By: _____
Paul Gibson, Chief Executive Officer

By: _____
David M. Dean, Chief Financial Officer

May 19, 1992